



**Testimony from Kevin Carey, Education Sector research and policy manager,
to the Commission on the Future of Higher Education**

April 7, 2006

Thank you Mr. Chairman and members of the Commission. On behalf of Education Sector I would like to thank you for the opportunity to speak today.

In the past months this commission has heard testimony documenting a number of major challenges facing American higher education. Other industrialized nations are catching up to and even surpassing our once-commanding lead in producing college graduates. Spiraling costs are limiting opportunities for lower-income students. Less than two-thirds of first-time students at four-year institutions graduate within six years. A study released earlier this year found that less than half of all college seniors are proficient in measures of literacy.

The numbers for traditionally underserved minority students are even worse. Of every 100 black students who enroll as first-time, full-time, degree-seeking freshmen, seven will go to an institution with a black six-year graduation rate that's 70 percent or higher. By contrast, 53 will attend institutions with a black six-year graduation rates that's 40 percent or lower. Meanwhile, black college literacy rates are less than half those of whites. Only one out *twenty* black college graduates are proficient in quantitative literacy.

Clearly, we must do much better. To address these challenges, I would like to emphasis three points.

1) The Need for More Information about Quality

First, the higher education sector operates in a void of information about quality. Students and parents making decisions about where to go to college have little or no information about which institutions will actually serve them best. Traditional rankings like those provided by *U.S. News and World Report* are based almost exclusively on measures of fame, wealth, and exclusivity. They tell consumers virtually nothing about the quality of teaching and learning universities provide, or many other important factors.

Moreover, the large majority of college students attend institutions for which even the flawed *U.S. News* paradigm isn't very useful. Instead, they attend local public two-year and four-year institutions that are not wealth to about the same degree. Fame isn't a factor; most colleges and universities are all but unknown outside their local region. And exclusivity means very little, since they let in almost everyone who applies.

This vacuum of information about quality has terrible distorting effects on the higher education market, and thus the incentives that govern institutional behavior. Wealth, fame, and exclusivity are vital to reputations, and therefore receive the most attention. Teaching students well and helping them graduate, by contrast, become desirable but ultimately *optional* goals.

That's why it's so exciting to hear about the efforts of my fellow panelists this morning, people who are conducting truly groundbreaking work to create solid, empirical data focused on what actually happens in colleges and how well students are actually learning. Supporting their work, as well as other new investments in high-quality research of a similar nature, should be a major priority for this commission.

It's also why the commission should support opportunities to leverage the potential of information technology to understand more about our colleges and universities. One such proposal was recently put forth by the National Center for Education Statistics, to create a "unit record" system of collecting data under the IPEDS system.

But while organizations like the American Association of State Colleges and Universities, to their credit, supported the system, others higher education organizations—primarily the associations of independent colleges and universities—did not, and unfortunately this common-sense effort has been temporarily derailed in the name of protecting student privacy. To be frank, I think this criticism is disingenuous. NCES is clearly prepared to all necessary privacy protections and has a sterling record in this area. The real issue is not student privacy but certain sense of *institutional* privacy, a concern felt by some that the system would create new opportunities to shine a light on how well colleges and universities serve their students.

It's also important to note that it doesn't actually cost that much to create all this new information. Given the size and importance of higher education, money is not really the issue here. New information isn't free, but in the grand scheme of things it's not very expensive.

2) The Need for Consistent Information from Every Institution

Second, all this important new information will only be of real value to consumer if it's consistently available from every institution. But it's simply unrealistic to expect that every college and university will provide all the needed information about themselves voluntarily. They well understand that information is the currency of their realm. They're rational and self-interested and won't voluntarily release data that puts them in a less than flattering light. That's understandable, but it's also not in the best interests of students or the public at large.

I'm sure that every quarter there are publicly-traded corporations that would prefer not to file detailed financial information with the Securities and Exchange Commission. But everyone understands the importance of that kind of transparency for consumers. Public

for-profit companies enjoy access to capital through the stock market, while in the case of higher education public support comes in the form of substantial tax benefits and direct and indirect financial subsidies from both state and federal governments. But in both cases the essential bargain of transparency in exchange for public benefits is—or should be—the same.

Historically, requirements for mandatory reporting have always met with some resistance—the existing federal Student-Right-To-Know provisions are a good example. But it's instructive to note that no one is seriously suggesting that those requirements be rolled back today. After a period of adjustment, people get used to reporting and move forward. Disclosure of vital information about higher education quality should be mandatory, not optional.

3) The Need for Information that Students and Parents Can Actually Use

Third, transparency alone is not enough. It's not enough to simply give students and parents *access* to information. Somebody also needs to make *sense* of that information, to boil it down to an understandable measure of relative quality. That's why *U.S. News* sells so many magazines. A lot of these conversations about whether or not to have a national system of higher education accountability strike me as missing the point—we already have one, it just happens to be owned and operated by a for-profit newsmagazine.

So it's critically important that this commission move not only to provide more public information, but also to provide practical, understandable tools for consumers to use in making choices. There's no reason those tools couldn't include rankings. People in higher education often decry the competitive pressures created by rankings, but that's because the rankings aren't grounded in the right measures of quality. In the long run there's no choice between rankings or no rankings—only between good rankings and bad ones.

While it would be inappropriate to base rankings on any single measure, if we could *combine* the multiple new measures described to this commissions—the Collegiate Learning Assessment, the NSSE, measures of graduation rates compared to peer institutions, course completion rates, and others—we could create a ranking system that truly tells consumers what they need to know.

Finally, it's worth acknowledging that in moving ahead on these fronts you will likely encounter some resistance from the higher education community. Proposals to increase transparency and provide common judgments of quality are often characterized as inappropriate infringements on the autonomy higher education has long enjoyed.

Let me be clear: the diversity and independence of America's higher education sector has long been one the system's chief virtues. Responsibility and decision-making about how best to educate American college students should be left to individual institutions and the educators who work there.

But while the government shouldn't be in the business of telling colleges and universities *how* to teach their students, it should be in the business of telling the consumers, parents, and the public at large how *well* those students are being served. It should be in the business of providing real information about quality to the higher education market. Autonomy and secrecy are not the same thing.

Greater transparency will be uncomfortable. It's just a fact of life that people tend to avoid the harsh light of public scrutiny and accountability if they can. But it's also abundantly clear that students, consumers, and the public at large need for more information about quality than they are getting today.

This commission is in a position to catalyze a new era of greatly expanded higher education information. If it does so, students and parents will finally have the information they need to choose the institution of higher education that will truly serve them well.

And the resulting shift in market pressures can give institutional leaders and individual educators new and better reasons to focus their priorities on what matters most—helping all students learn and earn a degree. Yesterday morning we heard a number of talented, innovative educators present a number of important ideas designed to reduce costs, increase affordability, and improve the quality of learning. There are many others like them in institutions across the nation.

But higher education has always been slow to embrace these new solutions—not because the ideas themselves are unworthy but because the right incentives aren't in place to make people seek them out. People often discuss the challenge of bringing new ideas "to scale" as if it was a matter of communications. It's actually a matter of incentives. Or to put it another way--the lack of innovation in the higher education sector isn't a problem of supply, it's a problem of demand.

If the commission supports the new information about quality discussed today, and works to bring that information to consumers, it can change the way people see our colleges and universities, change the market incentives that ultimately govern institutional decisions, and increase that demand for innovation. Students, parents, and society at large will greatly benefit as a result.

Thank you again for the opportunity to speak today.

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